

PUBLIC DISCLOSURE

February 20, 2003

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

WESTBOROUGH BANK

**100 EAST MAIN STREET
WESTBOROUGH, MA 01581**

**DIVISION OF BANKS
1 SOUTH STATION
BOSTON, MA 02110**

<p>NOTE: This evaluation is not, nor should it be construed as, an assessment of the financial condition of this institution. The rating assigned to this institution does not represent an analysis, conclusion or opinion of the Division of Banks concerning the safety and soundness of this financial institution.</p>
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GENERAL INFORMATION

The Community Reinvestment Act (CRA) requires the Division of Banks (Division) to use its authority when examining financial institutions subject to its supervision, to assess the institution's record of meeting the needs of its entire assessment area, including low and moderate-income neighborhoods, consistent with safe and sound operation of the institution. Upon conclusion of such examination, the Division must prepare a written evaluation of the institution's record of meeting the credit needs of its community.

This document is an evaluation of the Community Reinvestment Act (CRA) performance of the **Westborough Bank** prepared by the Massachusetts Division of Banks, the institution's supervisory agency.

INSTITUTION'S CRA RATING: This institution is rated “Satisfactory”

Westborough Bank was evaluated under the CRA Small Institution Examination Procedures, which evaluates 5 performance criteria including the average loan to deposit ratio, lending within the assessment area, lending to borrowers of different income levels, lending in geographies of different income levels, and fair lending. The bank's rating of Satisfactory is based upon the following.

Westborough Bank has demonstrated adequate loan to deposit ratios over the last eight quarters. The bank's net loan to deposit ratio for the period averaged 68.5 percent. It has increased since the last examination dated March 1999 when the ratio was 58.4 percent. Based on the foregoing, this criterion meets the standards for satisfactory performance.

According to 2000, 2001, and 2002 Home Mortgage Disclosure Act (HMDA) data approximately 39.0 percent of the number and 45.3 percent of the dollar amount of the bank's loans were inside the assessment area. Since less than a majority of loans are located within the assessment area, the bank's lending inside the assessment area does not meet the standards for satisfactory performance.

The distribution of loans to borrowers of different income levels represents a satisfactory dispersion among the various income levels in the assessment area. An analysis of mortgage originations indicated that 11.0 percent of the total number of originations were to low and moderate-income borrowers. In addition, the bank slightly outperformed the aggregate in lending to low and moderate-income borrowers in 2001.

There are no low or moderate-income census tracts within the bank's assessment area. The distribution of loan originations in the middle and upper-income census tracts appears reasonable and meets the standards for satisfactory performance.

The bank's fair lending performance was found to be satisfactory and no CRA related complaints were received since the previous examination.

PERFORMANCE CONTEXT

Description of Institution

Westborough Savings Bank was formerly a mutual savings bank incorporated under the laws of the Commonwealth of Massachusetts in 1869. In February of 2000, the bank underwent reorganization from a mutual savings bank to a mutual holding company structure. As part of the reorganization, the bank was renamed the Westborough Bank and became a wholly owned subsidiary of Westborough Financial Services, Inc. Westborough Financial Services, Inc. became a majority owned subsidiary of Westborough Bancorp MHC, a newly formed mutual holding company. As of December 31, 2002, the bank had total assets of \$248 million of which 52.1 percent are in the form of gross loans. The institution's primary lending focus is residential 1-4 family real estate loans, which comprises 73.2 percent of the loan portfolio. In addition, 12.6 percent of the bank's loan portfolio is in commercial real estate.

Refer to the following table for additional information on the breakdown of loans.

Loan Portfolio Composition

Loan Type	Amount (000s)	Percent
One to Four-Family Residential Mortgages	\$94,748	73.2
Commercial Real Estate	\$16,288	12.6
Equity Lines of Credit	\$8,191	6.3
Consumer Loans	\$4,419	3.4
Commercial and Industrial	\$3,156	2.4
Construction and Land Development	\$2,561	2.0
Multifamily (5 or more) Residential Properties	\$140	0.1
Total Gross Loans	\$129,503	100

Source: December 31, 2002 Consolidated Report of Condition.

Westborough Bank operates six full service offices including its main office located at 100 East Main Street in Westborough. The bank's other offices are located at 33 West Main Street in Westborough, 53 West Main Street in Northborough, 19 Maple Avenue in Shrewsbury, and at Shaw's Supermarket located on Route 9 in the White City plaza in Shrewsbury. The bank's other full service branch is located in Westborough and is open only to residents and employees of "The Willows," a retirement community.

Branch hours are considered convenient and services of the bank appear sufficient to meet the needs of the assessment area. The office hours at the branches are generally from 9:00am to 4:00pm Monday through Wednesday, 9:00 a.m. to 6:00 p.m. on Thursday and Friday, and Saturdays from 9:00 a.m. till noon. However, the "Willows" branch has limited hours and the branch located at Shaw's Supermarket is generally open later and has Sunday hours. Three of the offices offer a drive-up window and extended hours beyond the normal branch hours. In addition, the bank operates walk-up ATMs at all of its branch locations.

Westborough Bank has strong competition from several financial institutions within its assessment area. These financial institutions include but are not limited to the following: Marlborough Savings Bank; Baystate Savings Bank; Milford Federal Savings Bank; St. Mary's Credit Union; as well as representatives of regional and national banking and mortgage companies. The market influence from these institutions appears to be significant, and as a result, serves to keep the bank's rates and services offered competitive.

Market share information obtained from PCI Services, Inc. CRA WIZ, based on 2001 aggregate performance data indicates 307 mortgage companies, savings banks, commercial banks, cooperative banks and credit unions have either originated or purchased residential mortgage loans within the bank's assessment area. The top three lenders in the assessment area for 2001 were Washington Mutual with a 9.0 percent market share, Fleet National Bank with a 6.0 percent market share and Wells Fargo Home Mortgage with a 6.0 percent market share. Westborough Bank ranked 20th.

There are no significant financial or legal impediments, which limit the bank's ability to help meet the credit needs of the community. The bank's most recent Community Reinvestment Act (CRA) evaluation, performed concurrently by the Massachusetts Division of Banks and the Federal Deposit Insurance Corporation (FDIC) as of March 1, 1999, assigned a rating of "Satisfactory".

Description of Assessment Area

Westborough Bank defines its assessment area as the towns of Westborough, Northborough, Shrewsbury, and Grafton. All four towns are in Worcester County and are part of the Worcester MA-CT MSA.

According to 1990 US Census Data, Westborough Bank's assessment area has a total population of 63,265 individuals and a total of 24,996 housing units. Housing stock within the assessment area is primarily one-to-four family residential dwellings (78.5 percent), of which the majority (65.6 percent) is owner-occupied. There are 23,719 households in the assessment area. A household is defined as all persons occupying a housing unit.

Census tracts are defined as either low, moderate, middle or upper-income based on median Family Household Income (FHI) within the census tract. The assessment area consists of 15 census tracts: 6 (40.0 percent) middle-income, 8 (53.3 percent) upper-income and 1 (6.7 percent) designated, as N/A. The census tract designated as N/A located in Grafton contains no households and is currently the site of Tufts University School of Veterinary Medicine, the Grafton Jobs Corps, and a Key Program facility. The Grafton Job Corps is a federally funded residential program through which young adults can earn high school equivalency diplomas and receive vocational training. The Key Program is a state funded residential facility for at-risk youths.

The median home value of the assessment area is \$173,530 based on 1990 US Census Data. A more recent figure was obtained using figures from the February 17, 2003 Bankers & Tradesman with market statistics through November 2002. According to this publication, the median selling price for a home in the assessment area was \$322,737. Prices in the assessment area ranged from a low of \$279,950 in the town of Grafton to a high of \$363,500 in the town of Westborough.

Please refer to table two regarding other housing characteristics.

<i>Selected Housing Characteristics by Income Category of the Geography</i>						
<i>Geographic Income Category</i>	<i>Percentage</i>					
	<i>Census Tracts</i>	<i>House holds</i>	<i>Housing Units</i>	<i>Owner- Occupied</i>	<i>Rental Units</i>	<i>Vacant Units</i>
<i>Middle</i>	40.0	40.8	41.0	34.1	56.3	44.4
<i>Upper</i>	53.3	59.2	59.0	65.9	43.7	55.6
<i>NA</i>	6.7	-	-	-	-	-
<i>Total</i>	100	100	100	100	100	100

Source: U.S. Census

The median family income for the Worcester MSA for 2000, 2001, and 2002 was \$54,400, \$57,000 and \$58,400, respectively. The income figures are based on estimated Department of Housing and Urban Development (HUD) information. Low-income is defined by the US Census Bureau as income below 50 percent of the median family income level for the MSA. Moderate-income is defined as income between 50 percent and 79 percent of the median family income level for the MSA. Middle-income is defined as income between 80 percent and 119 percent of the median income. Upper-income is defined as income equal to or greater than 120 percent of the median income.

The unemployment rate is currently 5.3 percent as of December 30, 2002, for the Worcester MSA and 4.5 percent in the assessment area. The rate has increased since the beginning of the year due to a sagging economy in the high tech and finance sectors, many of which firms are located within the assessment area.

Westborough has the good fortune of being strategically located at the crossroads of major transportation networks including Route 495, Route 9 and the Massachusetts Turnpike. These major highway systems help connect the area to the cities of Worcester and Boston. During the past decade, this area experienced unprecedented growth, both residentially and commercially making the area very attractive and unaffordable. In addition, the assessment area is home to many industries responsible for the state's economy including high tech and finance. The majority of area residents commute by car, although there is commuter rail service to Boston.

PERFORMANCE CRITERIA

1. LOAN TO DEPOSIT ANALYSIS

Based upon the following, Westborough Bank's net loan to total deposit ratio appears to be reasonable and, as such, meets the standards for satisfactory performance.

An analysis of Westborough Bank's net loan to total deposit ratios was performed. The calculation incorporated eight quarters of the bank's net loans to total deposit figures as reflected in the bank's quarterly FDIC Call Reports. The quarters reviewed included the periods from March 2001 through December 2002. The bank's net loan to deposit ratio, on average, was 68.5 percent for this period. This ratio has fluctuated from a low of 61.4 percent in December 2002, to a high of 72.5 percent in September 2001.

The following illustrates Westborough Bank's net loan to deposit trends.

Westborough Bank's Loan to Deposit Ratios*			
Dates	Net Loans \$(000)	Total Deposits \$(000)	Ratio (%)
March 31, 2001	116,685	177,686	65.6
June 30, 2001	128,233	181,209	70.8
September 30, 2001	135,211	186,436	72.5
December 31, 2001	136,263	189,807	71.8
March 31, 2002	135,649	191,458	70.9
June 30, 2002	136,117	196,192	69.4
September 30, 2002	132,973	202,360	65.7
December 30, 2002	128,574	209,418	61.4

* Source: FDIC Quarterly Call Reports.

Over the period reflected in the table, Westborough Bank's net loan portfolio increased by 10.2 percent while deposits grew by 17.9 percent. From September 30, 2001, through September 30, 2002, the bank's loan portfolio decreased by 1.7 percent, while deposits grew by 8.5 percent.

Although the growth in lending appears to be declining from 2001 to 2002, the bank experienced strong mortgage lending volume in the refinancing arena. In 2000, 29.6 percent of the bank's HMDA reportable lending in its assessment area were refinances. However, in 2001, that percentage increased to 71.6 percent and in 2002, of the 82 HMDA reportable loans originated within its assessment area, 79.3 percent were refinances. Therefore, although underwriting volume is indicated, the bank's loan portfolio balances would not necessarily reflect that activity due to the level of refinancings during the period reviewed.

A comparison of Westborough Bank's loan to deposit ratio to that of area financial institutions was also performed. As of September 30, 2002, Westborough Bank had total assets of \$241,158,000 and a net loan to deposit ratio of 65.7 percent. The net loan to deposit ratios of area institutions is reflected in the following table. Those institutions chosen for this analysis have a main office or branch location in Westborough Bank's assessment area and have assets of between approximately \$100 million and approximately \$500 million. The data presented is as of September 30, 2002 (latest data available).

COMPARATIVE NET LOAN TO DEPOSIT RATIOS*		
Institution	Total Assets \$(000)	Net Loan to Deposit Ratios (%)
Bay State Savings Bank	232,274	81.3
Central One Federal Credit Union	185,118	88.4
Flagship Bank and Trust Company	476,574	51.4
Grafton Suburban Credit Union	106,007	59.0
Marlborough Savings Bank	239,353	60.4
Savers Co-operative Bank	303,351	87.6
St. Mary's Credit Union	386,453	78.2
UniBank for Savings	550,206	44.3
Westborough Bank	241,158	65.7

*As of September 30, 2002.

As the above data indicates, Westborough Bank's loan to deposit ratio falls within the middle of the institutions depicted above. Therefore, based on the aforementioned analysis, Westborough Bank has achieved a reasonable loan to deposit level given its capacity to lend and the credit needs of its assessment area.

2. COMPARISON OF CREDIT EXTENDED INSIDE AND OUTSIDE OF THE ASSESSMENT AREA(S)

Based upon the following data, Westborough Bank's percentage of lending activity within its assessment area is less than a majority. Consequently, this performance category does not meet the standards for satisfactory performance.

An analysis of Home Mortgage Disclosure Act (HMDA)- reportable lending extended both inside and outside Westborough Bank's assessment area for the period under review was conducted. For the purposes herein, the period under review for HMDA reportable lending constitutes calendar years 2000, 2001, and 2002. A HMDA reportable loan is defined as home purchase loans (including originations, purchases, and refinances) as well as home improvement loans.

The following table presents the distribution of loans inside and outside of the bank's assessment area.

Distribution of Home Mortgage Loans Inside and Outside of the Assessment Area												
Year	Inside				Outside				Total			
	Number of Loans		Dollar Volume \$(000)		Number of Loans		Dollar Volume \$(000)		Number of Loans		Dollar Volume \$(000)	
	#	%	\$	%	#	%	\$	%	#	%	\$	%
2000	54	37.7	10,289	38.7	89	62.3	16,284	61.3	143	100.0	26,573	100.0
2001	74	31.1	15,417	42.3	164	68.9	21,017	57.7	238	100.0	36,434	100.0
2002	82	52.2	16,446	54.7	75	47.8	13,630	45.3	157	100.0	30,076	100.0
Total	210	39.0	42,152	45.3	328	61.0	50,931	54.7	538	100.0	93,083	100.0

Source: HMDA LAR, CRA Wiz

As the above table indicates, the bank made 39.0 percent of its loans, by number, within the assessment area during the period examined. This percentage is more illustrative of the bank's performance in years 2000 and 2001 when lending within the assessment was 37.7 and 31.1 percent respectively. However, in 2002, the percentage of lending within the assessment area (by number) increased to 52.2 percent, representing a majority in that year. In regards to the percentage of loans within the assessment area by dollar amount of loans, the bank has fared somewhat better. A larger percentage of the dollar amount of loans was made within the bank's assessment area, with 45.3 percent made over the period examined. In years 2000 and 2001, the bank made 38.7 and 42.3 percent respectively. In year 2002, however, this percentage constituted a majority with the bank making 54.7 percent of HMDA reportable loans inside the assessment area.

During this period, the Town of Westborough received the largest number and dollar volume of HMDA reportable lending with 106 loans totaling \$22,835,000. This represents 19.7 percent of the number and 24.5 percent of the dollar volume of the bank's overall HMDA reportable lending. The second largest number and dollar volume of lending went to the Town of Shrewsbury with 50 loans totaling \$10,093,000. This equals 9.3 percent of the number and 10.8 percent of the dollar volume of the bank's

overall HMDA reportable lending. Furthermore, no concentration of HMDA-reportable lending to a community outside of the bank's assessment area was noted as a result of this analysis.

As indicated, with the exception of calendar year 2002, the majority of HMDA reportable loans were granted outside Westborough Bank's assessment area. Westborough Bank originated, through its normal course of business, a significant number of adjustable rate residential mortgage loans within its portfolio. In order to manage the interest rate risk of these adjustable rate products, the bank purchased 72 fixed rate mortgage loans totaling \$12,928,000 in 2000 and 130 fixed rate loans totaling \$14,417,000 in 2001. The decision by Westborough Bank to purchase these loans was based upon a desire to realign its balance sheet in order to improve its interest rate risk exposure and to increase loan yield. However, with the exception of one purchased loan for \$136,000 in 2000, the remaining purchased loans were on properties located outside Westborough Bank's assessment area, thus affecting the bank's performance in those two years.

The fact that the majority of the purchased loans were located outside its assessment area somewhat distorts the picture of Westborough Bank's performance in lending in its assessment area, particularly with respect to its own HMDA reportable-loan products. Without the purchased loans, the bank made 62.2 percent of all loans, by number, within the assessment area and 63.9 percent of all loans, by dollar amount, within the assessment area over the period examined. However, since the regulation requires the consideration of all originated and purchased loans, the bank has not achieved a majority of loans within its assessment area. Consequently, Westborough Bank does not meet the standards for satisfactory performance under this criterion.

3. DISTRIBUTION OF CREDIT AMONG DIFFERENT INCOME LEVELS

Based upon the following analysis, Westborough Bank's distribution of HMDA- reportable lending within its assessment area to borrowers of different incomes is determined to meet the standards for satisfactory performance.

An analysis of HMDA-reportable loans extended within Westborough Bank's assessment area among borrowers of different income levels was performed. Originations were categorized by the ratio of the applicant's reported incomes to the 2000, 2001, and 2002 estimated median family incomes of the Worcester MSA (refer to the Performance Context Section).

The following analysis also includes aggregate data (exclusive of Westborough Bank) on the performance of all HMDA reporting lenders within the assessment area in 2001 as well as demographic data on the percentage of total households in the assessment area.

Refer to the following.

Distribution of HMDA Loans by Borrower Income										
Median Family Income Level	% Total HHs	2000		Agg. Data (% of #) 2001	2001		2002		Total	
		#	%		#	%	#	%	#	%
Low	14.4*	1	1.9	1.0	3	4.1	1	1.2	5	2.4
Moderate	12.4	4	7.4	5.6	5	6.8	9	11.0	18	8.6
Middle	19.3	11	20.3	15.3	18	24.3	13	15.8	42	20.0
Upper	53.9	37	68.5	61.8	48	64.8	59	72.0	144	68.6
NA	0.0	1	1.9	16.3	0	0.0	0	0.0	1	0.4
Total	100.0	54	100.0	100.0	74	100.0	82	100.0	210	100.0

Source: HMDA LAR, HMDA Aggregate Data, 1990 Census Data

to 10.6 percent.

It should be noted that those originations designated as not applicable loans are either:

- The borrowers' income was not taken into account when granting the loan;
- The borrower is an employee; or
- The loan was purchased.

As indicated in the table, Westborough Bank's percentage of lending to low and moderate-income borrowers is considered satisfactory. The bank's percentage of loans to low and moderate-income borrowers is well below the percentage of households in the assessment area. However, there are mitigating factors including the high cost associated with purchasing a home in the assessment area, which makes homeownership nearly impossible for many families. Included in the low-income category are 1,020 households within the bank's assessment area whose income is considered to be below poverty level, and thus, unlikely to qualify for a HMDA reportable loan. If that category were adjusted to reflect this fact, the number of low-income households within the bank's assessment area would be decreased from 3,419 to 2,399.

A more realistic comparison is to compare bank performance to that of the aggregate lenders. Using 2001 aggregate information the analysis revealed the bank slightly outperformed the aggregate in lending to low and moderate-income borrowers. The bank originated 4.1 percent of its loans to low-income borrowers versus the aggregate, which originated 1.0 percent. The bank originated 6.8 percent of its loans to moderate-income borrowers while the aggregate originated 5.6 percent.

By dollar volume in 2000, the bank originated 0.2 percent of its HMDA reportable loans to low-income borrowers and 3.6 percent to moderate-income borrowers. In 2001, Westborough Bank originated 1.2 percent of its HMDA reportable loans to low-income borrowers and 3.0 percent to moderate-income borrowers.

The bank's dollar volume of lending to low-income borrowers by percentage (1.2%) was slightly above the 2001 aggregate with 0.5 percent and more in line with the 2001

aggregate at 3.3 percent to moderate-income borrowers. The bank's dollar amount for the same year to moderate-income borrowers was 3.0 percent

Based upon the above, Westborough Bank's distribution of HMDA- reportable loans to borrowers of different incomes is considered to be acceptable and to meet the standards for satisfactory performance.

4. GEOGRAPHIC DISTRIBUTION OF LOANS

The following analysis indicates that Westborough Bank appears to have achieved a reasonable distribution of its HMDA reportable lending in the census tracts within its assessment area. Therefore, a rating of "Meets Standards for Satisfactory Performance", is assigned.

An analysis of HMDA reportable loans extended in the various census tracts contained within Westborough Bank's assessment area was conducted. The following table presents the bank's performance as well as the 2001 aggregate data (exclusive of Westborough Bank) of HMDA reportable lending by percentage. In addition, the table also reflects demographic data on the percentage of owner-occupied housing units (per 1990 census data) in each of the census tract income categories.

To reiterate, Westborough Bank's assessment area contains fifteen census tracts. Of those tracts, 40.0 percent are middle-income, 53.3 percent are upper-income, and 6.7 percent have no income designation.

Distribution of HMDA Loans by Income Category of the Census Tract										
Censu s Tract Income Level	% Total Owner- Occupied Housing Units	2000		Agg. Data (% of #) 2001	2001		2002		Total	
Middle	34.1	11	20.4	33.5	18	24.3	22	26.8	51	24.3
Upper	65.9	43	79.6	66.5	56	75.7	60	73.2	159	75.7
Total	100.0	54	100.0	100.0	74	100.0	82	100.0	210	100.0

Source: HMDA LAR, HMDA Aggregate Data, 1990 Census Data

As reflected in the table, Westborough Bank has achieved an adequate penetration of those census tracts within its assessment area. Twenty-four point three percent of all loans were made in middle-income census tracts, which is below the percentage of owner-occupied housing units occurring in middle tracts, which account for 34.1 percent of all housing units. The majority of loans or 75.7 percent have been made within upper-income census tracts, which is consistent with the distribution of owner-occupied housing units. Sixty-five point nine percent of all owner-occupied housing units are located within upper-income housing units.

The comparison to the aggregate lenders in Year 2001 is less favorable, with Westborough Bank making 24.3 percent of loans in middle income census tracts, in comparison to the aggregate which originated 33.5 percent. Conversely the bank made more loans in upper-income census tracts – 75.7 percent than did the aggregate at 66.5 percent.

By dollar volume in 2000, the bank originated 17.7 percent of its HMDA reportable loans in the middle-income census tracts and 82.3 percent to the upper-income census tracts. In 2001, the bank originated 16.3 percent to the middle-income census tracts and 83.7 percent to the upper-income tracts, which fell below the 2001 aggregate data by dollar volume of 29.3 percent to the middle-income tracts but above the 70.7 percent to the upper-income tracts. Calendar year 2002 HMDA reportable lending by dollar volume was 19.9 percent to the middle-income census tracts and 80.1 percent to the upper-income tracts.

Therefore, given that the bank's assessment area contains no low or moderate-income census tracts, and that the bank achieved an adequate dispersion of loans to the middle and upper tracts, Westborough Bank's penetration of its HMDA reportable lending to those census tracts within its assessment area is considered reasonable.

5. REVIEW OF COMPLAINTS/FAIR LENDING POLICIES AND PRACTICES

Westborough Bank received no CRA related complaints for the period under review. Therefore, no rating is ascribed. The bank has a satisfactory record of implementing fair lending policies and practices. The following discussion is based on the guidelines of the Division of Banks' Regulatory Bulletin 2.3-101.

A Fair Lending review was conducted at this examination. This review was conducted in accordance with the Federal Financial Institutions Examination Council (FFIEC) Interagency Fair Lending Examination Procedures. Based on the sample reviewed, no evidence of disparate treatment of applicants was noted.

As of December 31, 2002, Westborough Bank employed 83 individuals: 65 full time and 18 part time. There are 7 minorities among the bank's employees. Bi-lingual employees speak foreign languages including Greek, Spanish, Vietnamese, Chinese, Romanian, Albanian, and Laotian.

Westborough Bank staff attends seminars on appropriate issues. Sponsors of these seminars include the Center for Financial Training, Professional Bank Services, and Massachusetts Bankers Association. Individuals who attend are encouraged to share information learned with co-workers. In addition, the bank will be participating in the Independent Community Bankers Association's (ICBA) Online Training, an on-line service that provides training on a number of topics including Fair Lending and Compliance issues. This training will be available to all employees.

Credit products offered include 25, 20, and 15 year fixed rate mortgages, as well as 1 year, 3/3 year, 5/1 year, 7/1-year, and 10/1-year adjustable rate mortgages. Recently, the bank began to re-offer 30-year fixed rate mortgages, which are sold to FNMA. The bank's underwriting standards are outlined in its Loan Policy, which is annually updated. Lastly, the bank's Executive Committee performs a second review of denied loans.

Minority Application Flow

Westborough Bank's assessment area contains 63,265 individuals, 3,540 or 5.6 percent of whom are minorities. As of the 1990 census, the bank's assessment area minority population was 0.1 percent Native American, 2.9 percent Asian, 1.1 percent Black, 1.4 percent Hispanic, and 0.1 percent Other.

For the period reviewed, the bank received a total of 15 HMDA reportable applications from various minority groups, representing 6.2 percent of all applications received from within its assessment area. The 2001 HMDA aggregate data indicated 8.3 percent of all the residential applications from within the assessment area were to minority applicants. During the same year, the bank received 3.6 percent of the applications from minorities.

Refer to the following.

Minority Application Flow									
RACE	2000		Agg. Data (% of #) 2001	2001		2002		Total	
	#	%		#	%	#	%	#	%
Native American	0	0.0	0.3	0	0.0	0	0.0	0	0.0
Asian	3	4.3	4.3	1	1.2	5	5.4	9	3.7
Black	0	0.0	0.5	0	0.0	0	0.0	0	0.0
Hispanic	0	0.0	0.8	0	0.0	0	0.0	0	0.0
Joint Race	0	0.0	1.1	1	1.2	0	0.0	1	0.4
Other	4	5.8	1.3	1	1.2	0	0.0	5	2.1
Total Minority	7	10.1	8.3	3	3.6	5	5.4	15	6.2
White	61	88.4	57.4	79	96.4	87	93.5	227	93.0
NA	1	1.5	34.3	0	0.0	1	1.1	2	0.8
Total	69	100.0	100.0	82	100.0	93	100.0	244	100.0

Source: HMDA LAR, HMDA Aggregate Data

Given the racial composition and the HMDA aggregate application data, the bank's level of attracting minority applicants is considered to be adequate .

THE COMMONWEALTH OF MASSACHUSETTS

To the COMMISSIONER OF BANKS:

THIS IS TO CERTIFY, that the report of examination of the

WESTBOROUGH BANK

for compliance with applicable consumer and fair lending rules and regulations and the Community Reinvestment Act (CRA), as of the close of business **FEBRUARY 20, 2003**, has been read to or by the undersigned and the matters referred to therein will have our immediate attention.

_____	_____
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_____	_____

A majority of the Board of Directors/Trustees

Dated at _____ this _____ day of _____ 20 _____

PERFORMANCE EVALUATION DISCLOSURE GUIDE

Massachusetts General Laws Chapter 167, Section 14, as amended, and the Uniform Interagency Community Reinvestment Act (CRA) Guidelines for Disclosure of Written Evaluations require all financial institutions to take the following actions within 30 business days of receipt of the CRA evaluation of their institution:

- 1) Make its most current CRA performance evaluation available to the public;
- 2) At a minimum, place the evaluation in the institution's CRA public file located at the head office and at a designated office in each assessment area;
- 3) Add the following language to the institution's required CRA public notice that is posted in each depository facility:

"You may obtain the public section of our most recent CRA Performance Evaluation, which was prepared by the Massachusetts Division of Banks, at 100 East Main St. Westborough, MA.

- 4) Provide a copy of its current evaluation to the public, upon request. In connection with this, the institution is authorized to charge a fee, which does not exceed the cost of reproduction and mailing.

The format and content of the institution's evaluation, as prepared by its supervisory agency, may not be altered or abridged in any manner. The institution is encouraged to include its response to the evaluation in its CRA public file.